

# ROPA<sup>SM</sup> Return on Physical Assets

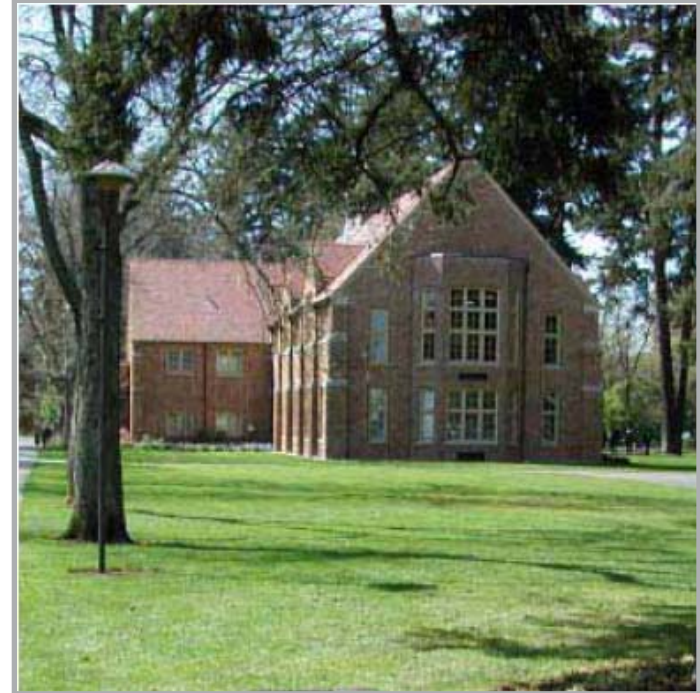
Pacific Lutheran University

October 17, 2007

Sightlines

# Sightlines Profile

- 200 Campuses
- 31 States
- Metrics on over 550 million square feet
- Developed a useful tool based on:
  - Common vocabulary
  - Consistent analytical methodology
  - Credibility through benchmarking
- To retain our effectiveness and credibility as an impartial strategic partner, Sightlines does not seek design commissions, operations management, or equipment provision.



# Return on Physical Assets

ROPA<sup>SM</sup>

## Asset Value Change

**Annual Stewardship:** The annual equilibrium need and corresponding actual investment to keep-up with the planned/preventative maintenance and replacement of building components as they reach the end of their useful life.

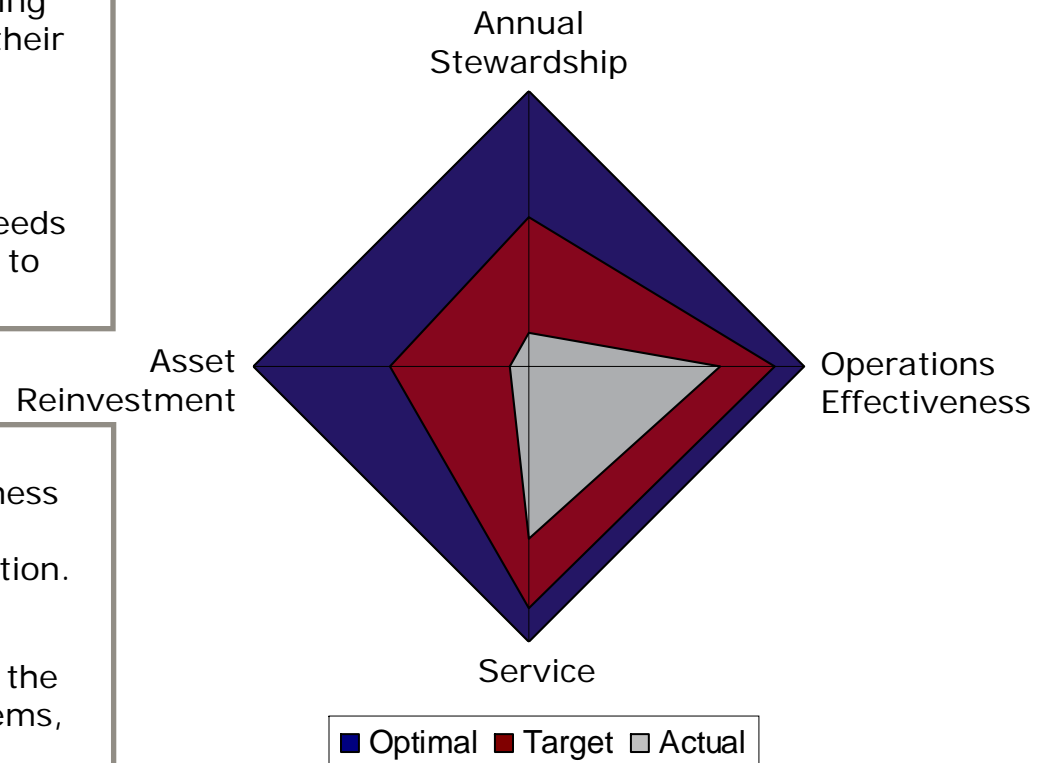
**Asset Reinvestment:** The accumulated backlog of repair and modernization needs and the definition of resource capacity to correct them.

## Operations Success

**Operations Effectiveness:** The effectiveness in delivering daily service, protecting assets, and managing energy consumption.

**Service:** The measure of service process, the maintenance quality of space and systems, and the customers opinion of service delivery.

Pacific Lutheran University's  
FY2007 ROPA<sup>SM</sup> Radar Chart



# Comparison Institutions

<u>Institution</u>	<u>Location</u>
California Lutheran University	Thousand Oaks, CA
Drake University	Des Moines, IA
Hamline University	Saint Paul, MN
Seattle Pacific University	Seattle, WA
Seattle University	Seattle, WA
University of Evansville	Evansville, IN
University of Redlands	Redlands, CA
Valparaiso University	Valparaiso, IN
Whitworth College	Spokane, WA



## Comparative Considerations

Size, technical complexity, region, geographic location, and setting are all factors included in the selection of peer institutions

# Agenda

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## Capital Improvements

- Tying Annual Stewardship into the Campus Master Plan
- Review the estimated backlog of need

## Operations and Service

- As the campus grows, increases should be made to support the change
- How can the University develop best practices for improved service?

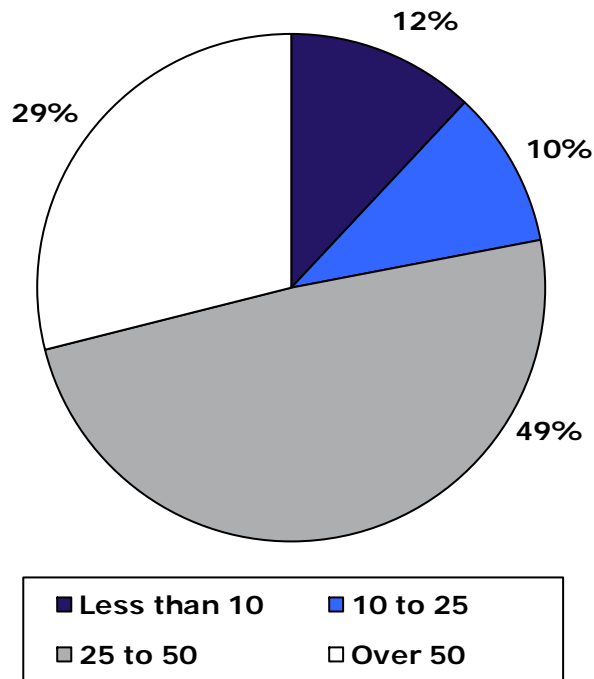
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# Understanding Pacific Lutheran's Facilities Profile

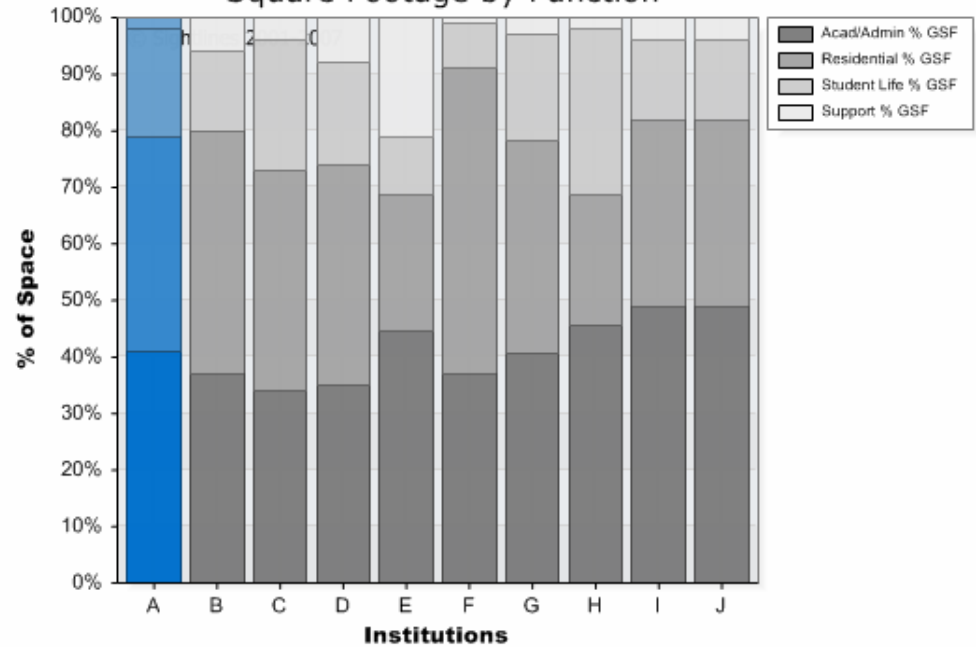
# Campus Profile

42 Buildings – 1.35M GSF, Technical Complexity 2.38

Campus Age

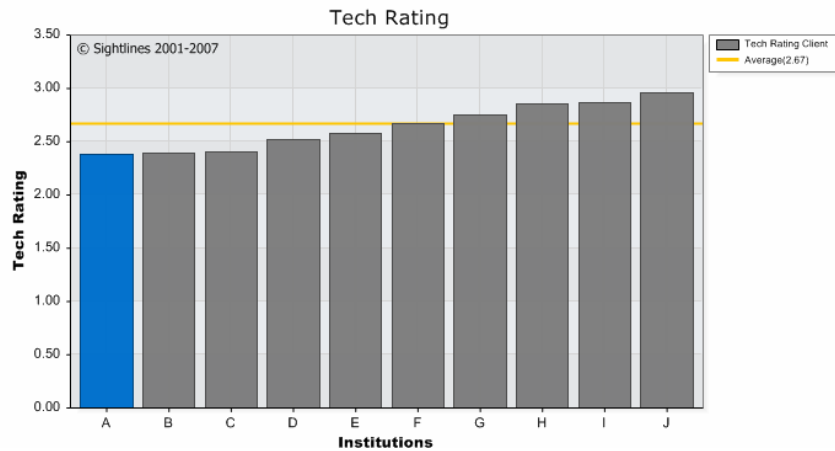


Square Footage by Function



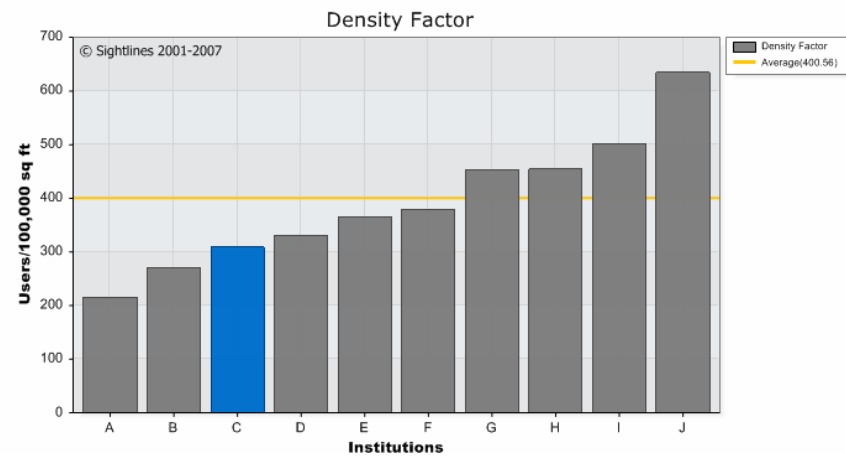
Institutions shown in order of increasing Technical Complexity

# Understanding Your Physical Profile



Institutions shown in order of increasing Technical Complexity

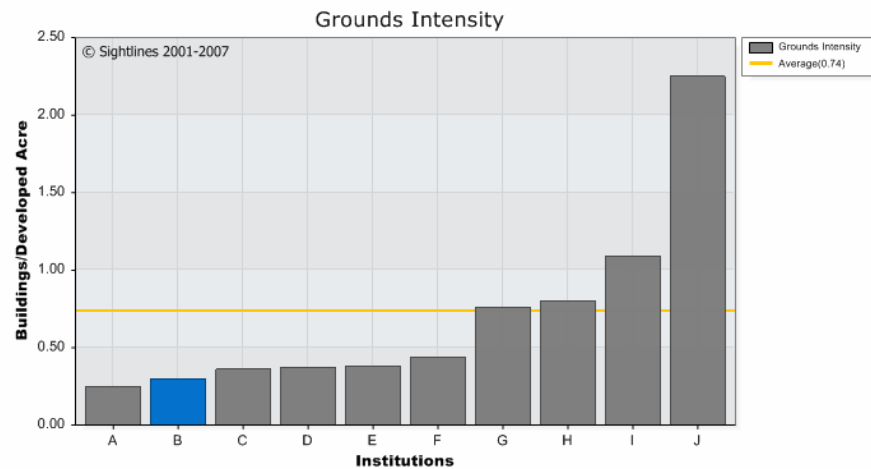
Sightlines Database Average 3.00



Institutions shown in order of increasing Density Factor

Sightlines Database Average 393

- Benchmark Institutions**
- California Lutheran University
  - Drake University
  - Hamline University
  - Seattle Pacific University
  - Seattle University
  - University of Evansville
  - University of Redlands
  - Valparaiso University
  - Whitworth College



Institutions shown in order of increasing Grounds Intensity

Sightlines Database Average 0.64

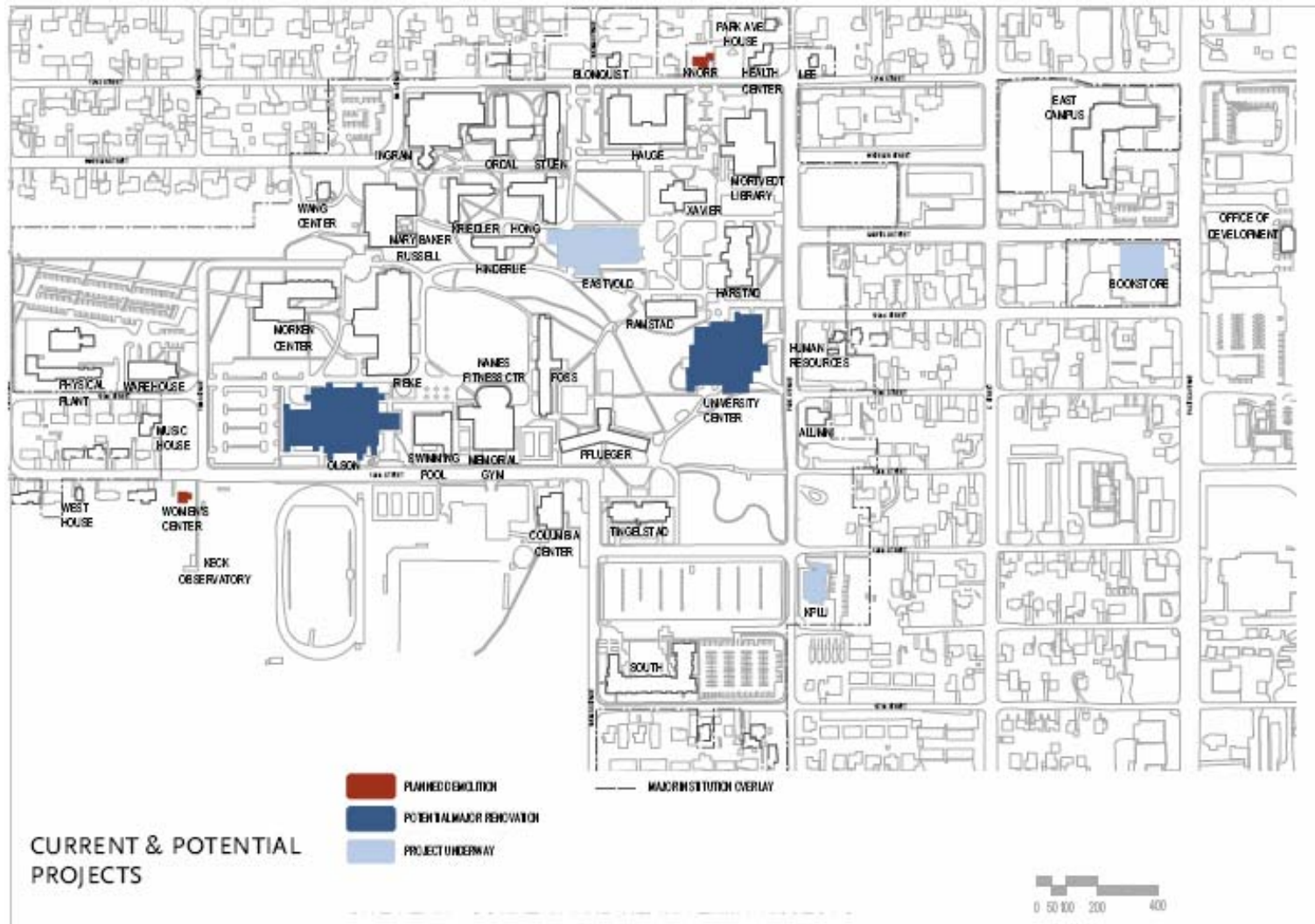


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# Asset Value Change

# 2006 Campus Master Plan

Integrating the campus goals with the needs of the facilities

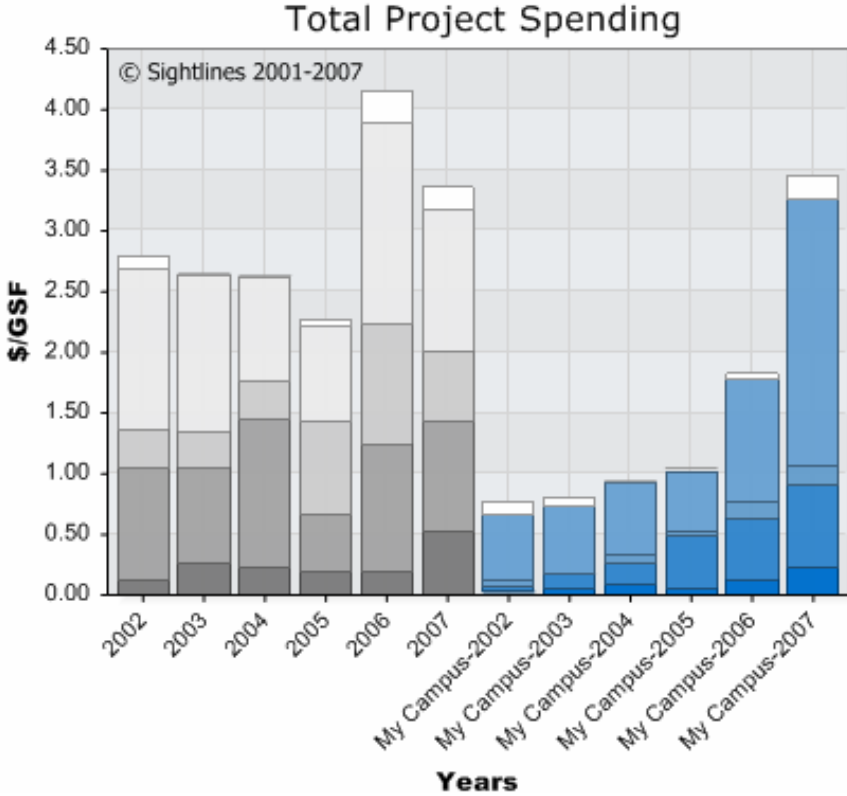
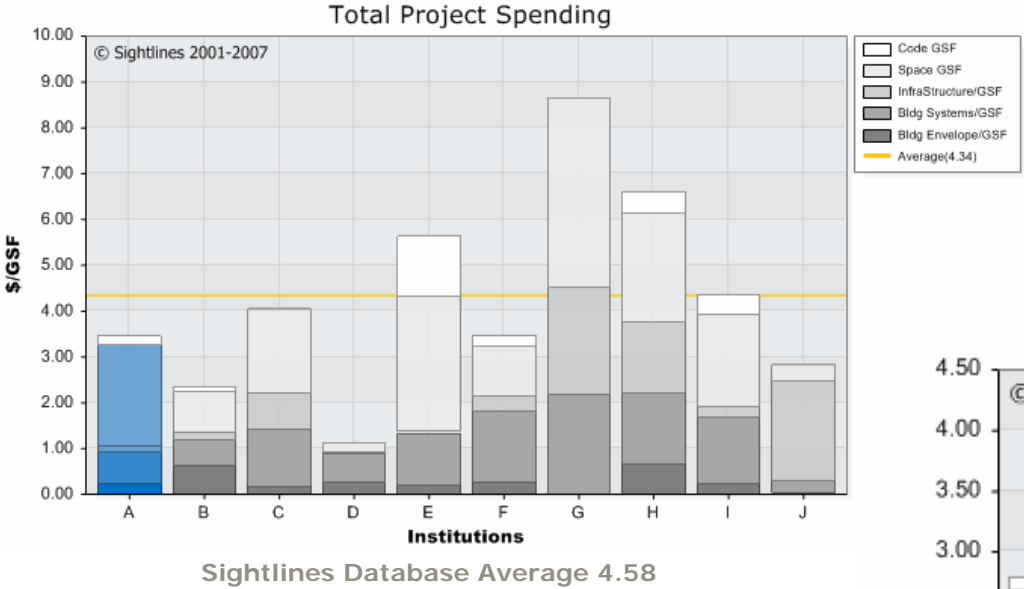


From the Campus Master Plan



PACIFIC  
LUTHERAN  
UNIVERSITY

# Historically Spending Less Than Peers



Institutions are in order of Technical Complexity



# Translating the Terms

## Creating a Common Vocabulary

<b>PLU Funding Sources</b>	<b>Annual Stewardship</b> The annual investments in operating PM and repairs to ensure that buildings and their components reach or exceed their useful life.	<b>Asset Reinvestment</b> Repair modernization, and infrastructure projects, often driven by program change or deferral.
Capital Improvement	X	
Bond Funding		X

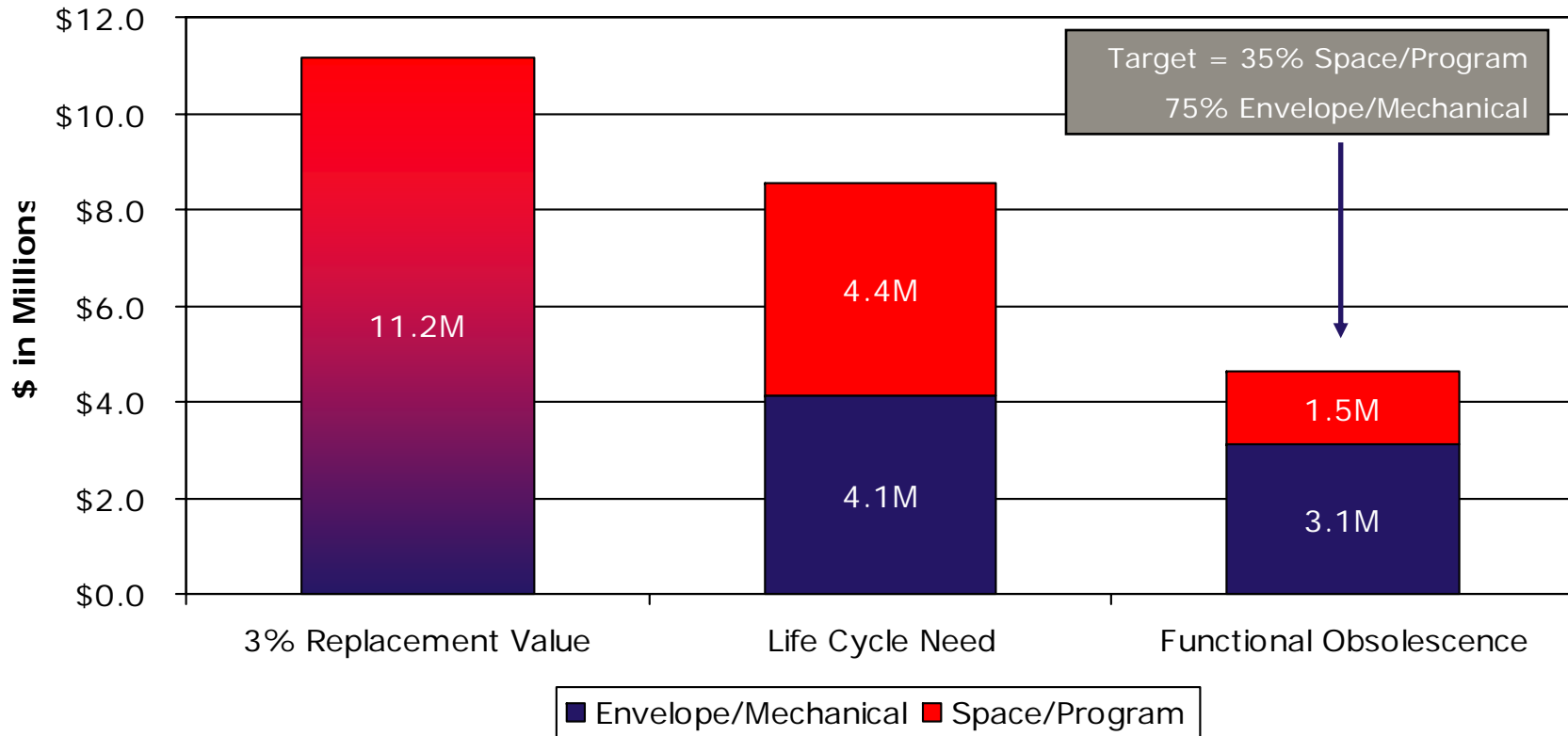
# Defining The Annual Investment Need

- Defining The Annual Investment Need
- The annual maintenance and repair investment is key for an asset to perform properly and exceed its useful life.
- Quantification methodology:
  - 3% of Replacement Value
  - Life Cycle Assessment
  - Functional Obsolescence



# Defining Stewardship Investment Target

## FY2007 Stewardship Targets

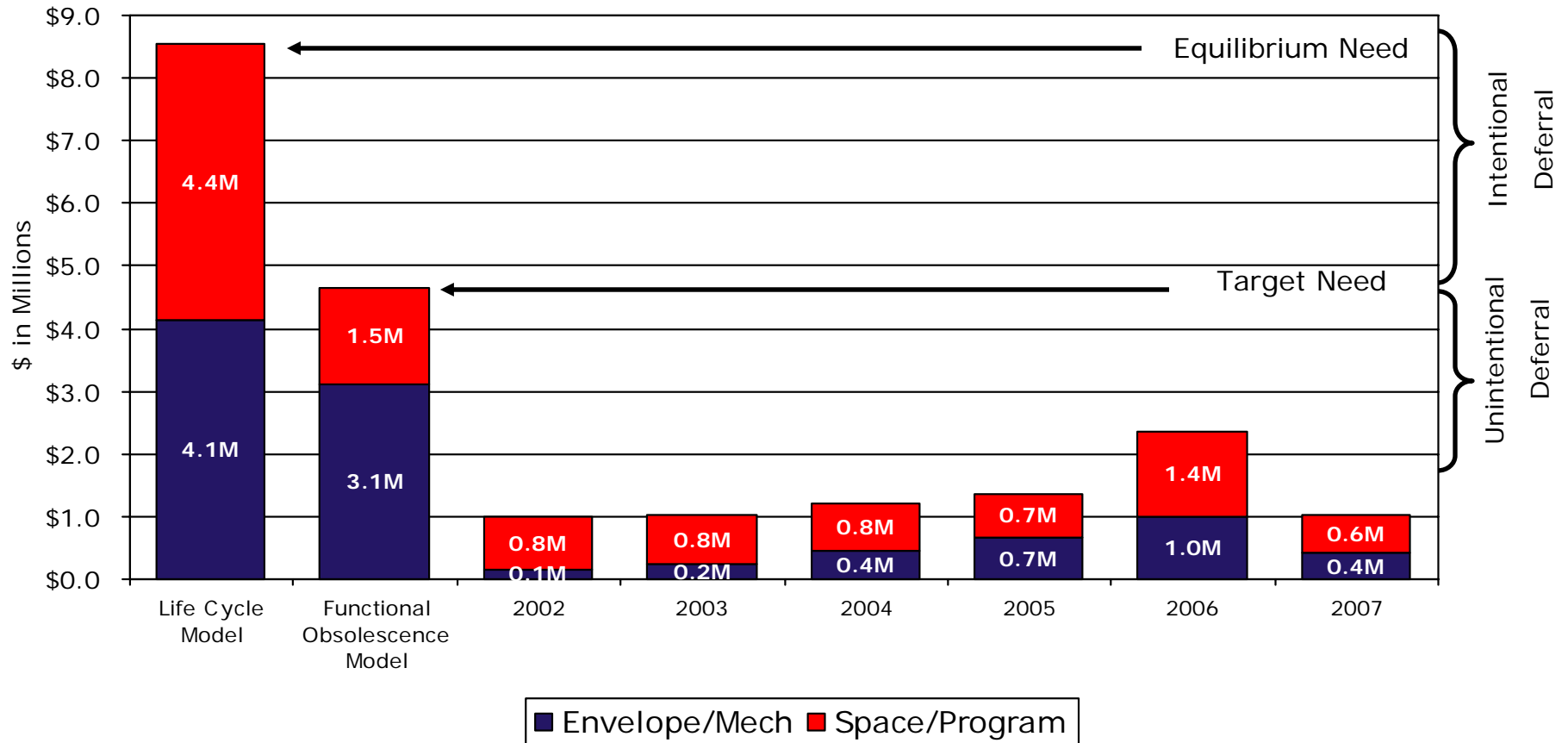


*FY07 Replacement Value = \$372.5M*

# Annual Deferral Increases Reinvestment Need

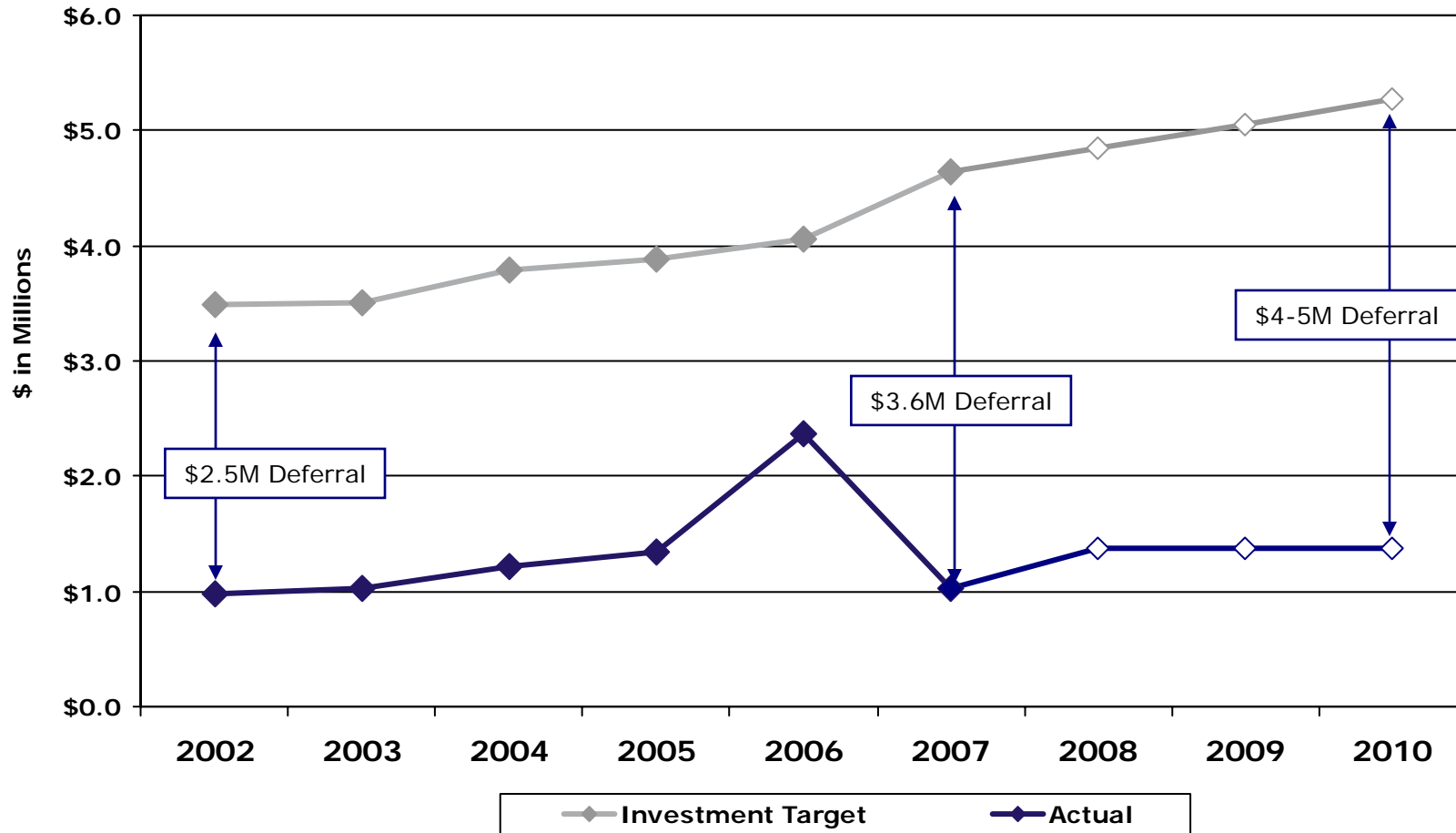
Setting Goals to Arrest the Rate of Asset Deterioration

Annual Investment – Equilibrium, Target, and Actual Expenditures

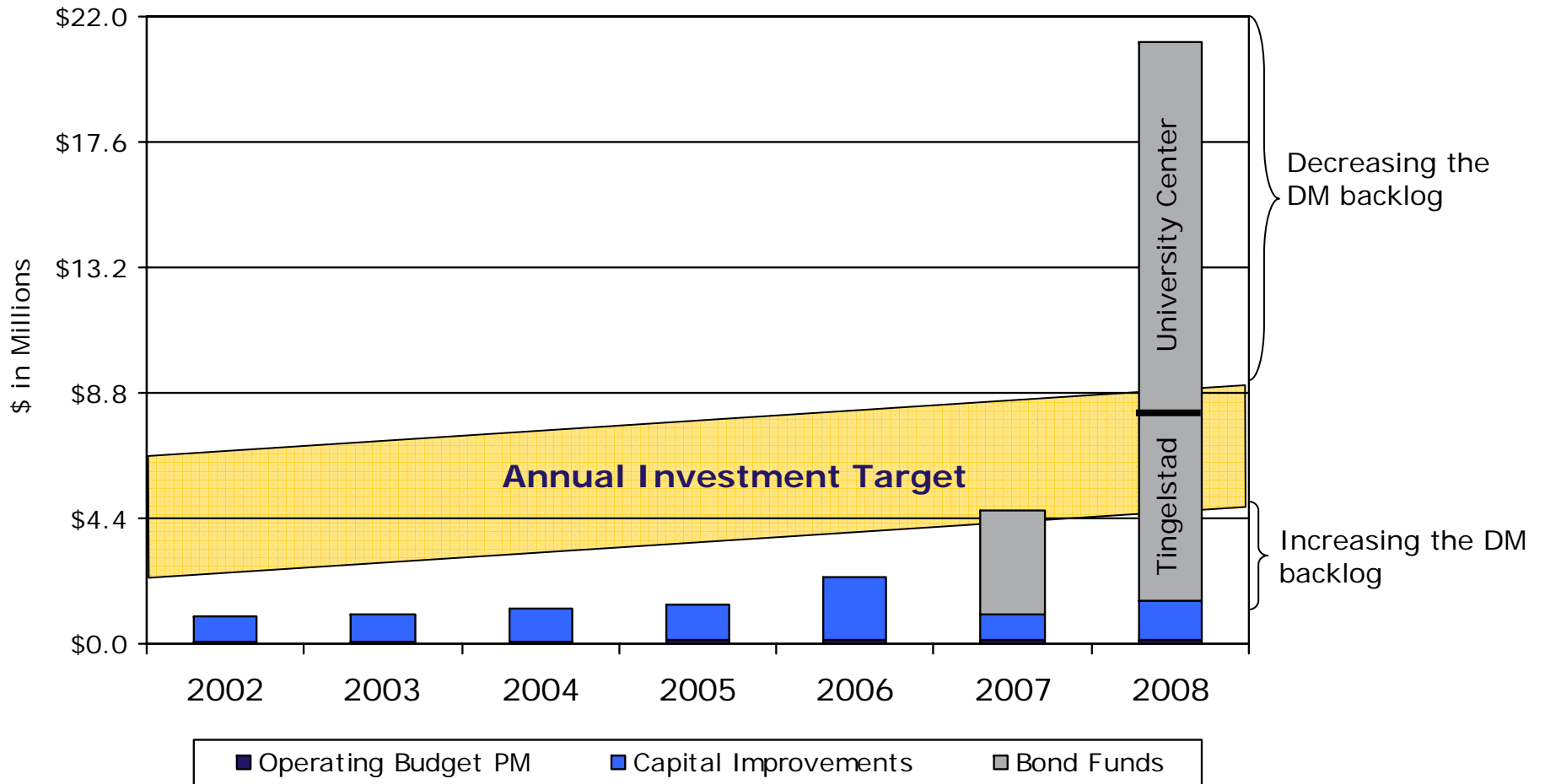


# Stewardship Needs Increase Annually

How can recurring funding levels increase to meet the demand?



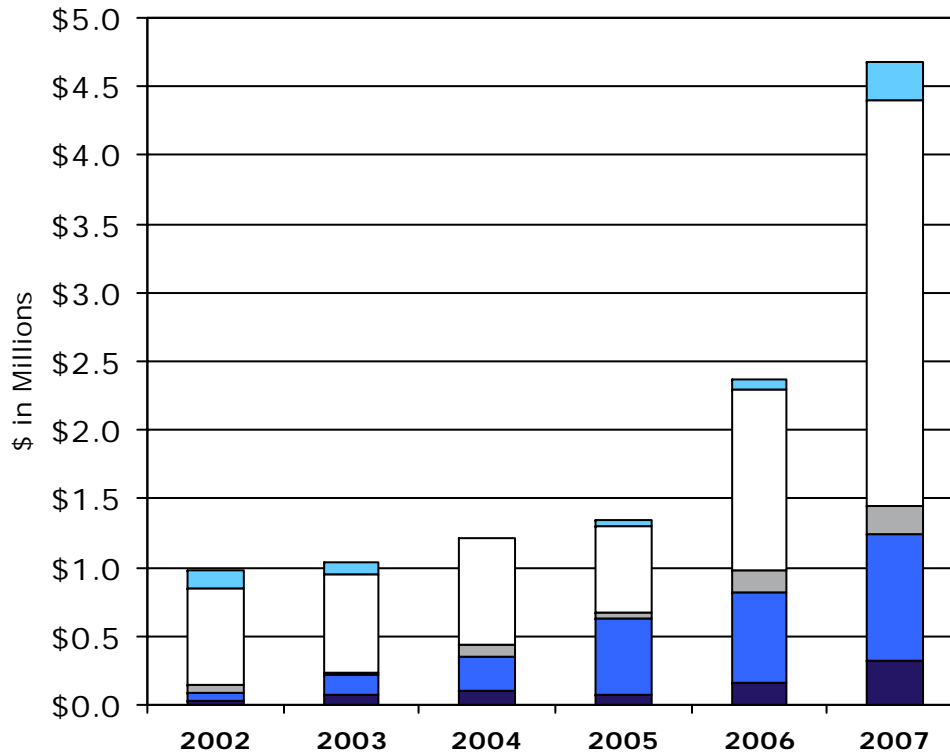
# Increasing Asset Reinvestment Need



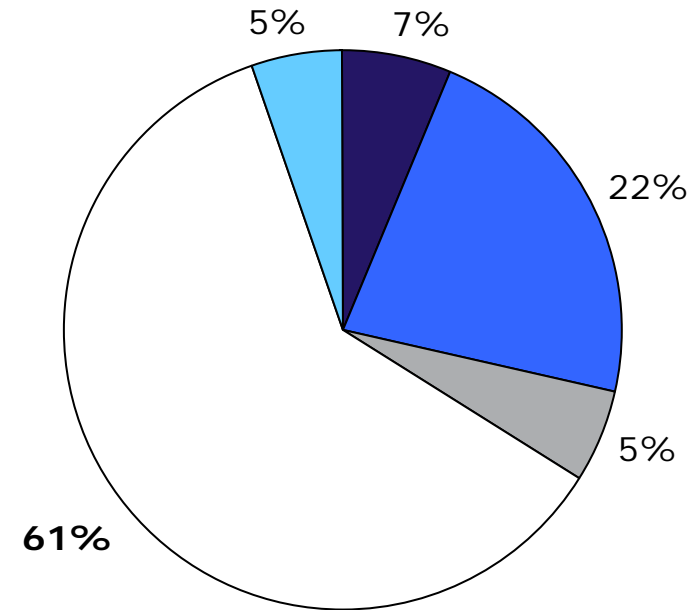
# Total Project Spending

Funding focused on Space Renewal

Total Project Spending by Category

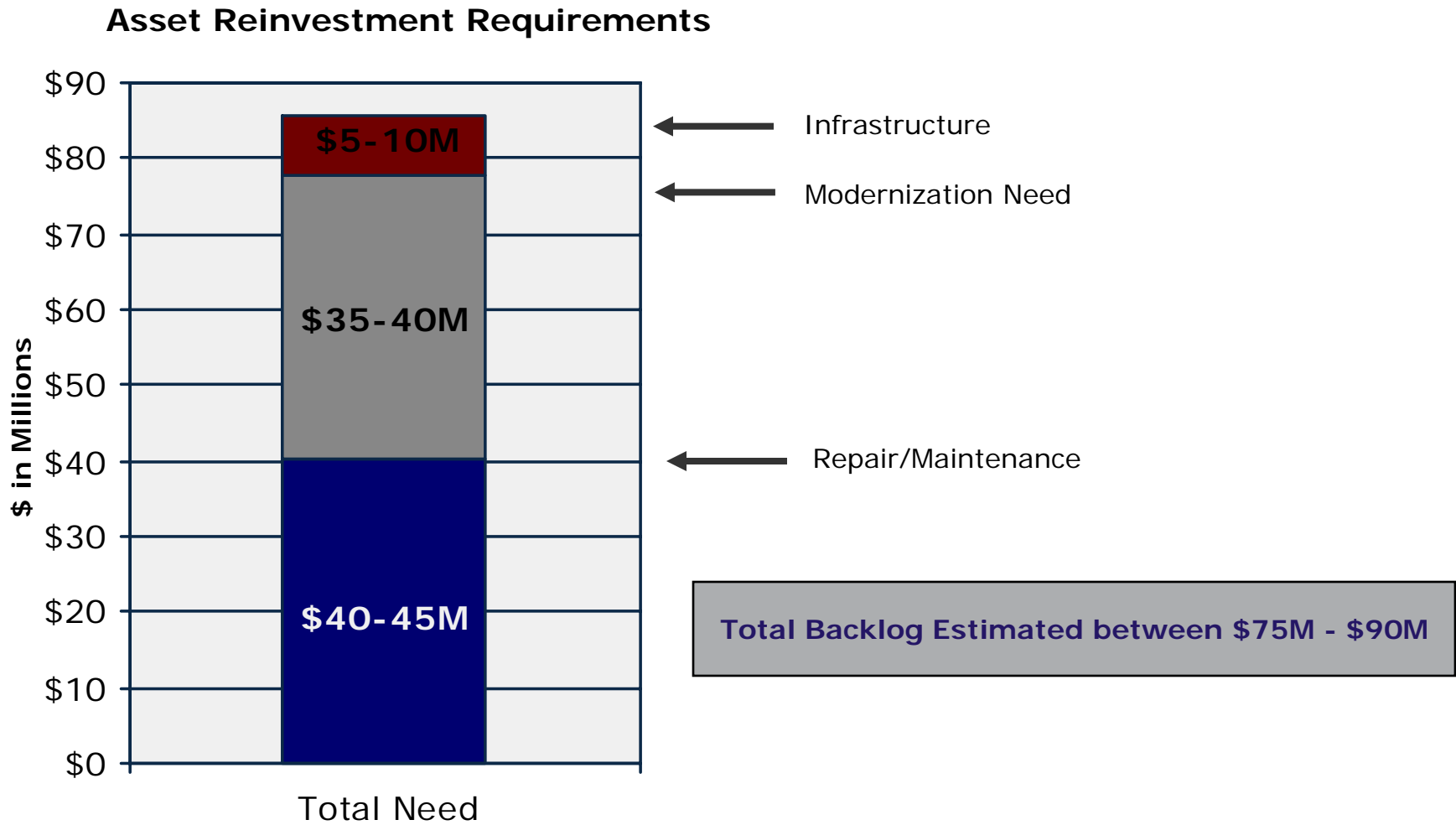


Composite 6 Years of Spending



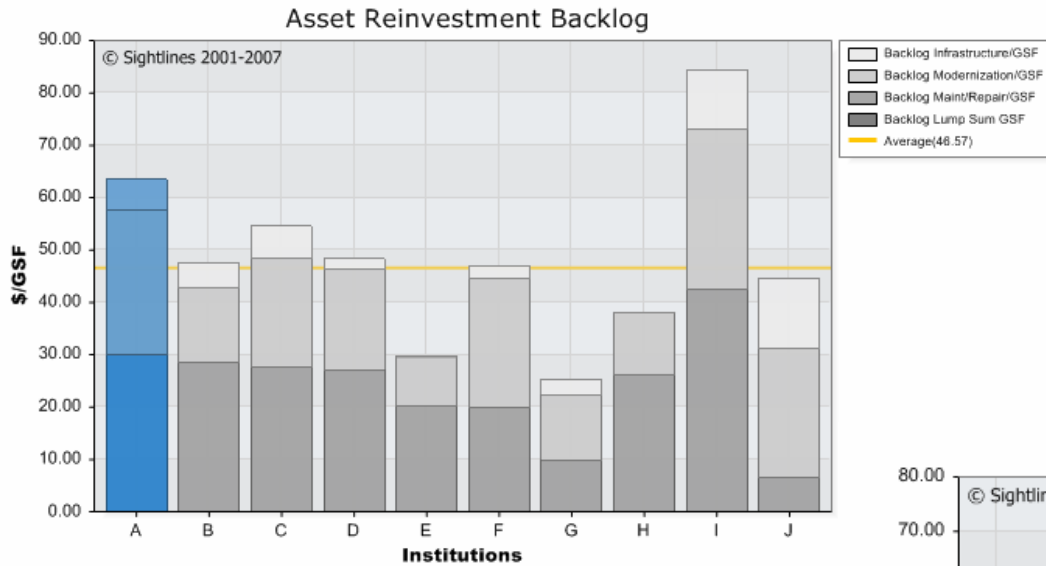
Building Envelope
  Building Systems
  Infrastructure
  Space Renewal
  Safety/Code

# Quantifying the Asset Reinvestment Need

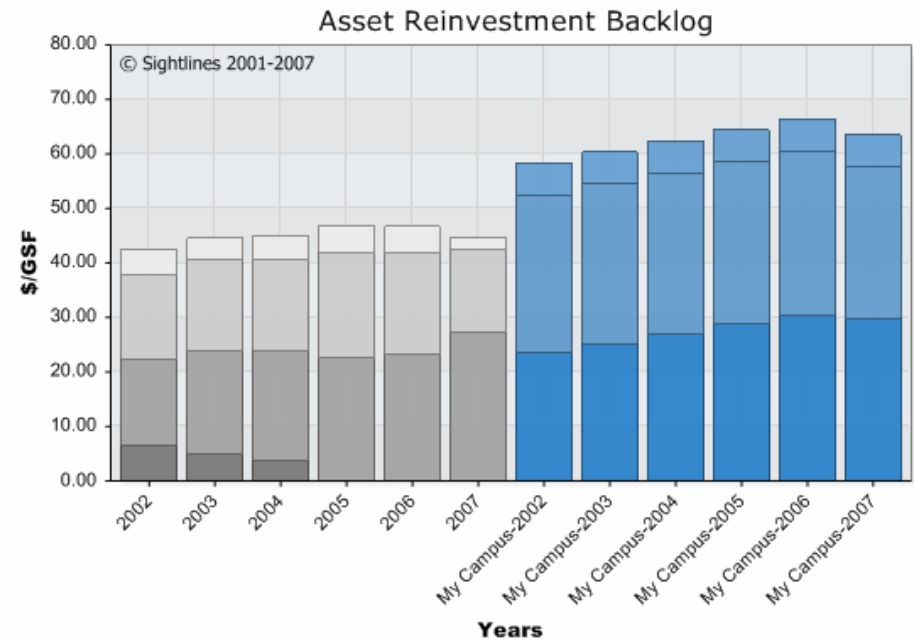


# Benchmarking for Context

Estimated backlog highlights needs above the peer average



The institutions are in order of increasing technical complexity

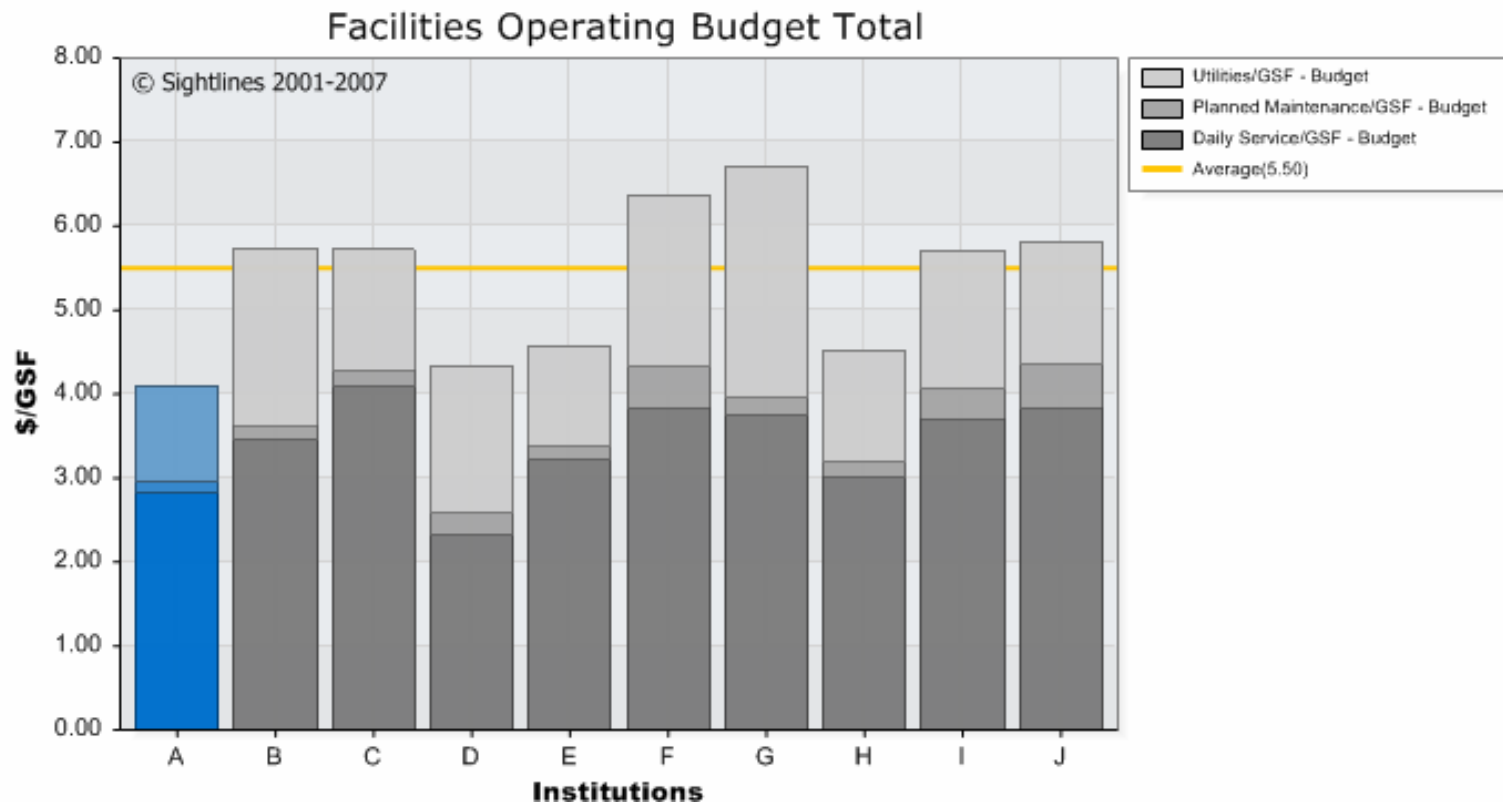


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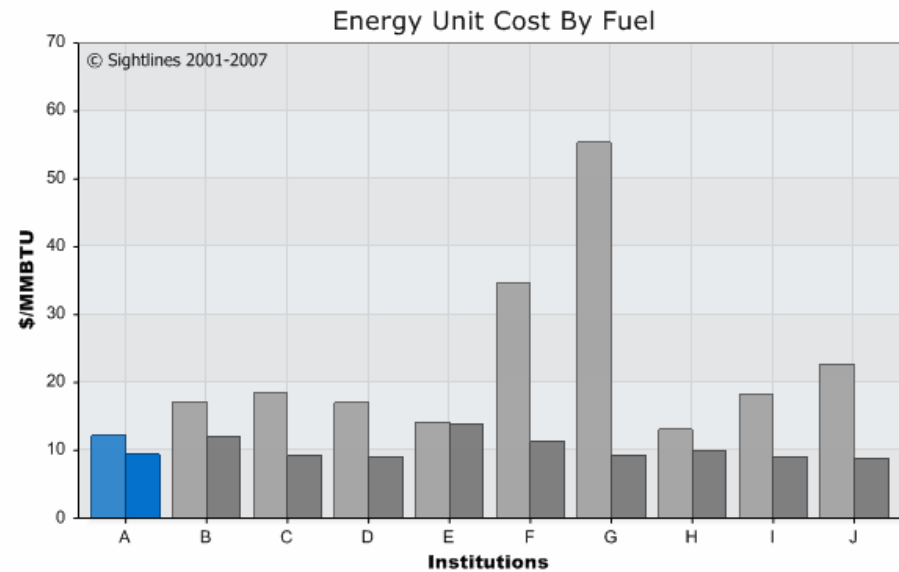
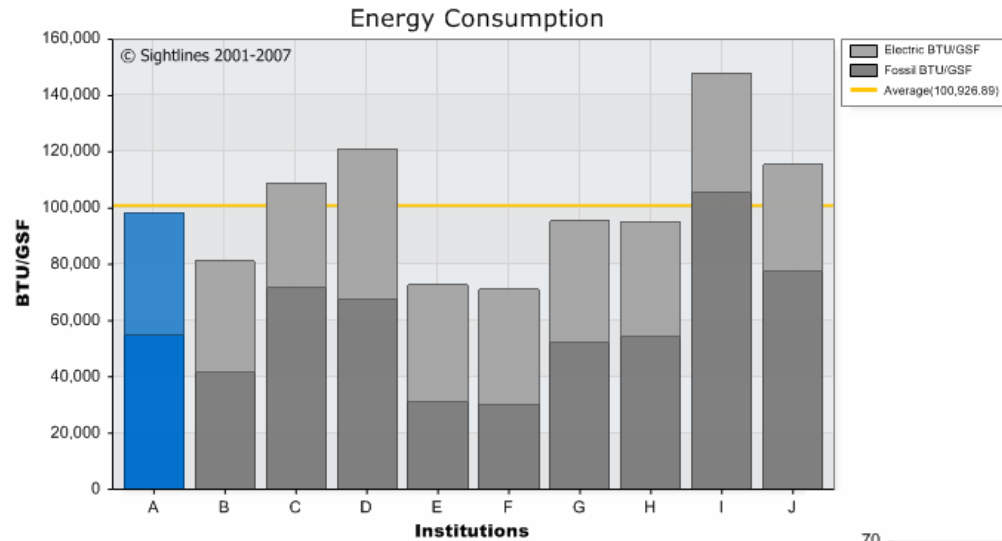
Operations & Service

# Lowest Operating Budget of the Peer Group

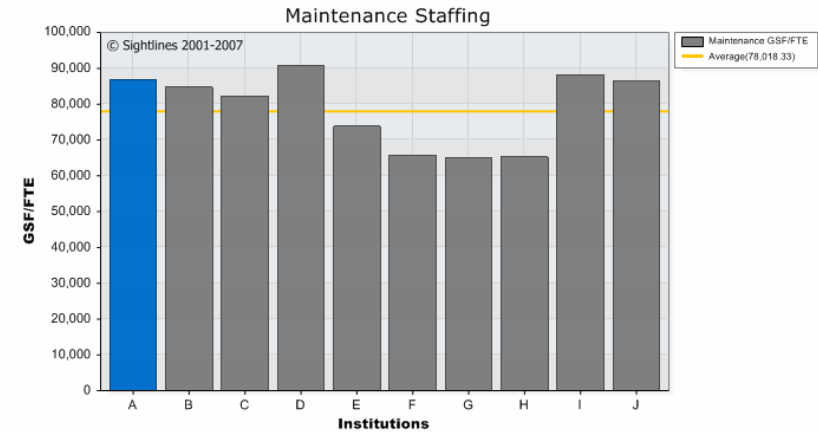
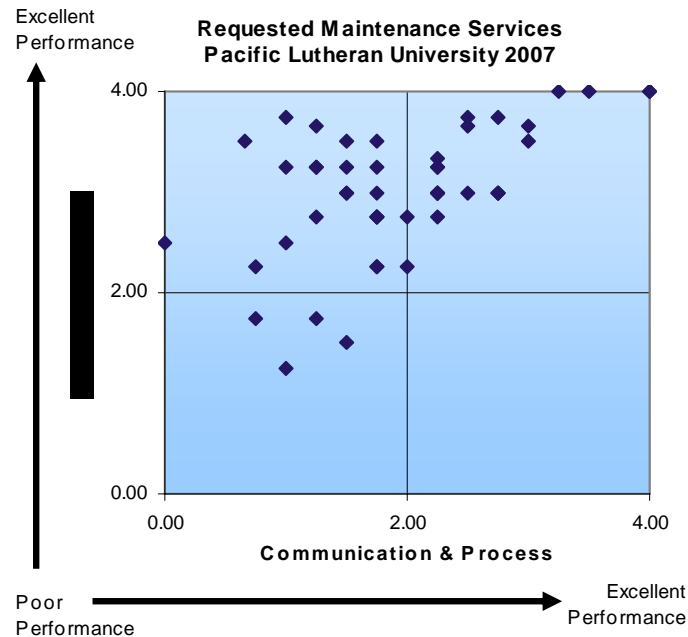
Well balanced mix of spending between utilities, PM and daily service



# Low Utility Costs Offset Average Consumption

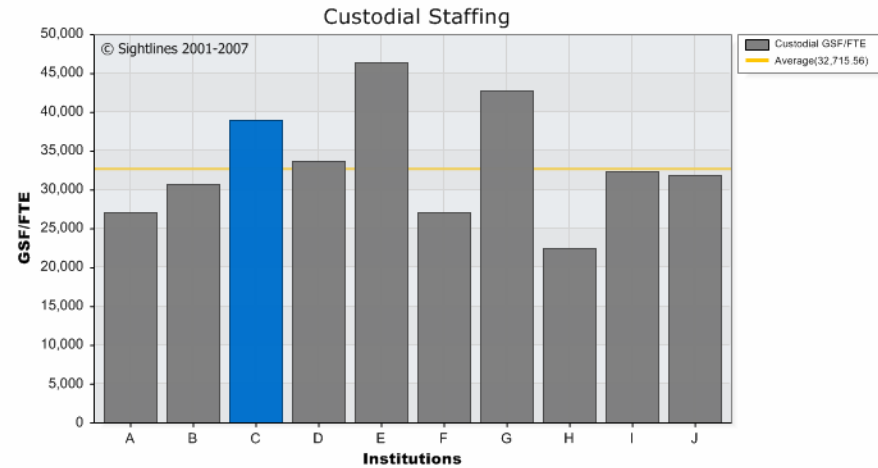
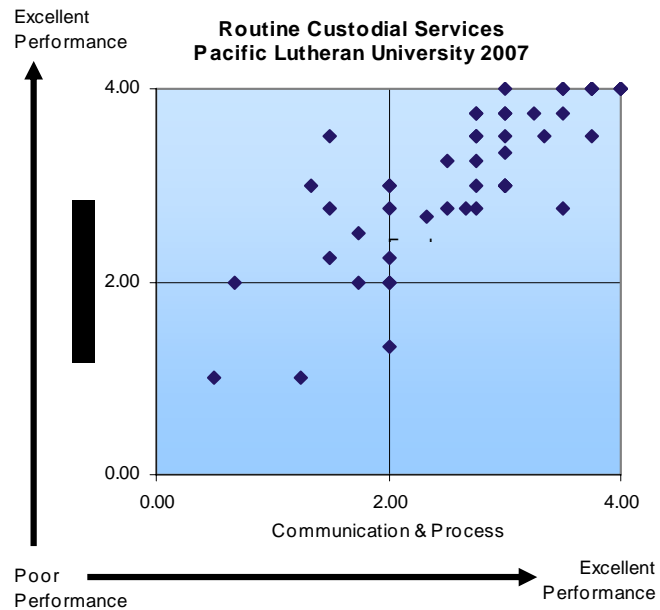


# The Backlog is Hindering the Maintenance Staff Performance



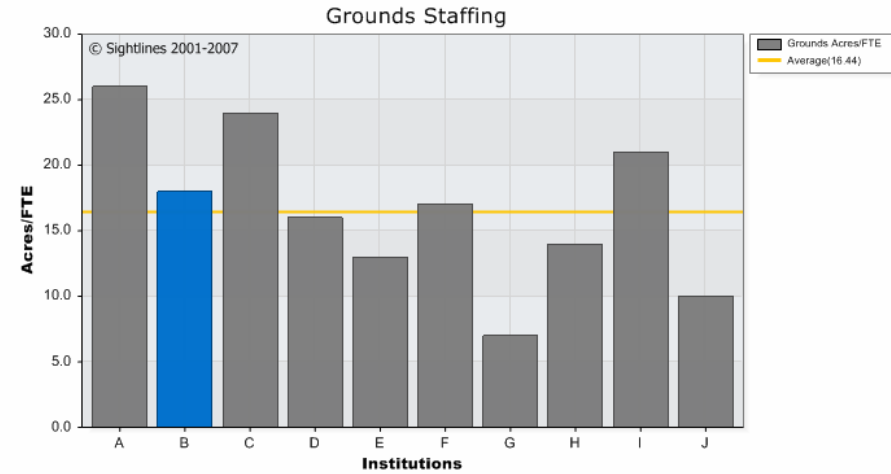
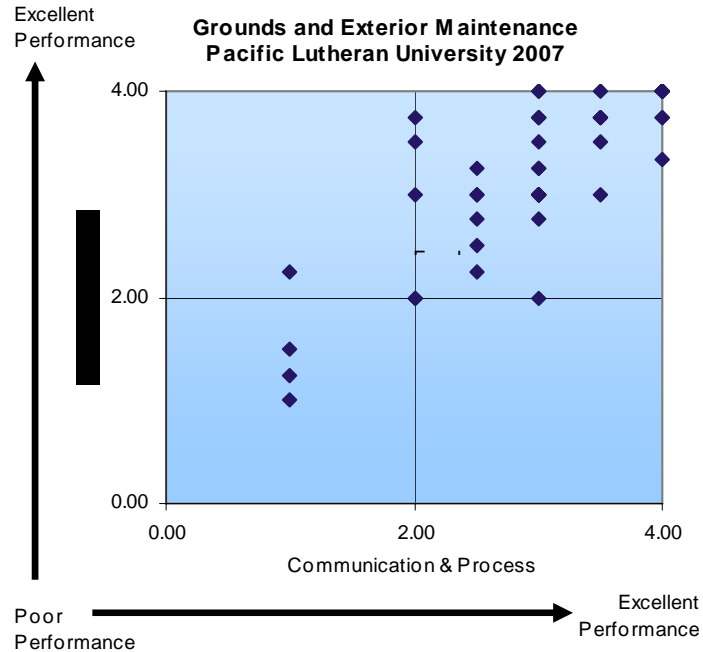
Maintenance - 2007		
	PLU	Peer Average
GSF/FTE	86,861	78,018
FTE/Supervisor	15.5	13.6
Materials	\$18,844	\$12,045
General Repair/Impression	2.6	3.0

# Comparable Performance



Custodial - 2007		
	PLU	Peer Average
Density Factor	309	401
GSF/FTE	38,912	32,716
FTE/Supervisor	14.4	19.0
Materials	\$3,913	\$3,267
Cleanliness Inspection	3.1	3.3

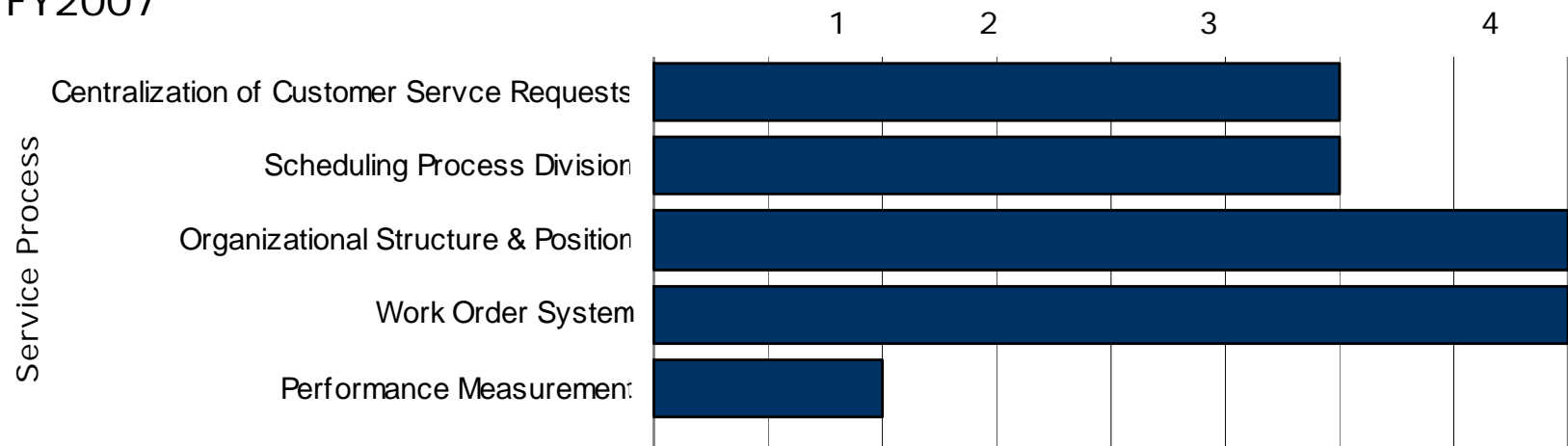
# Grounds Type Limits Effectiveness



Grounds - 2007		
	PLU	Peer Average
Grounds Intensity	0.3	0.7
Acres/FTE	18.0	16.4
FTE/Supervisor	15.5	9.8
Materials	\$13,505	\$8,379
Grounds Inspection	2.5	3.4

# Process Improvements Over 3 Years

FY2007



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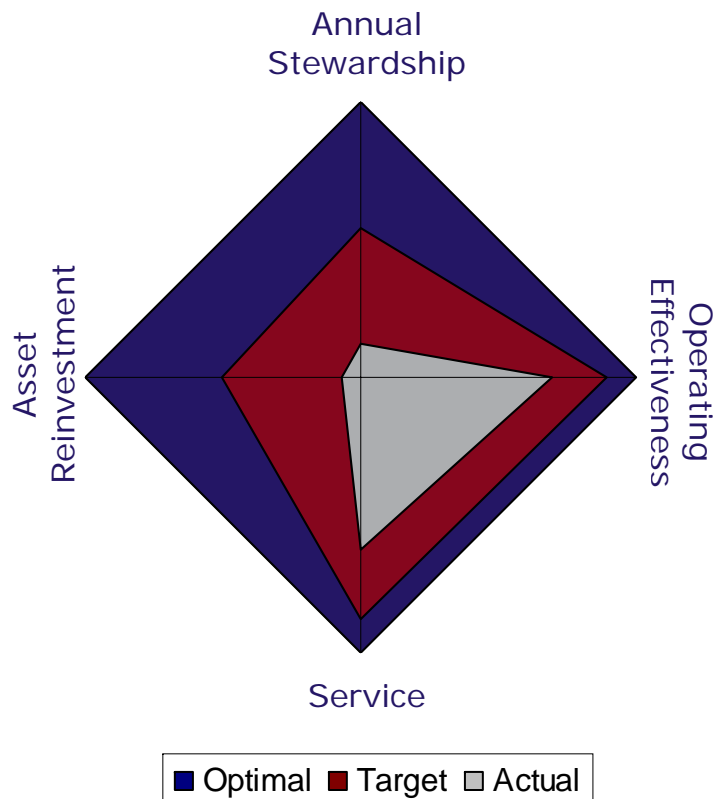
## Bringing It All Together

The development of Campus Master Plan has gone a long way toward outlining the goals of the University for the coming years. How do we align these advancements with facilities needs?

# Brining It All Together

## 2007 ROPA<sup>SM</sup> Radar Chart

### Pacific Lutheran University's FY2007 ROPA<sup>SM</sup> Radar Chart



- **Release the hidden value in the existing physical assets.** PLU has started to act upon recommendations to better align campus space with institutional resources with the elimination of some peripheral buildings in the past couple of years. Continuing this initiative in a deliberate manner will have a major impact on the campus, the allocation of resources, and the overall quality of investment.
- **Develop a consistently quantified catalogue of deferred maintenance and modernization needs** on campus to drive improved project selection and to further understand the areas that need to be targeted.
- **Fully fund the addition of new space to the campus.**
- **Pick projects with a context and a purpose**
  - For every page of projects, develop two pages of items you are deferring.
  - Classify the anticipated savings created by any project selected.
- **The effectiveness of the operations team is being hampered by the increasing backlog of need and ever evolving complexity of the campus infrastructure.** A more comprehensive capital program is necessary to release opportunities for Facilities to infuse positive change.
- **Facilities services has made some significant strides in improving their management of work requests and development of a service process to campus users.**